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THE MAGAZINE FOR MAGAZINE MANAGEMENT

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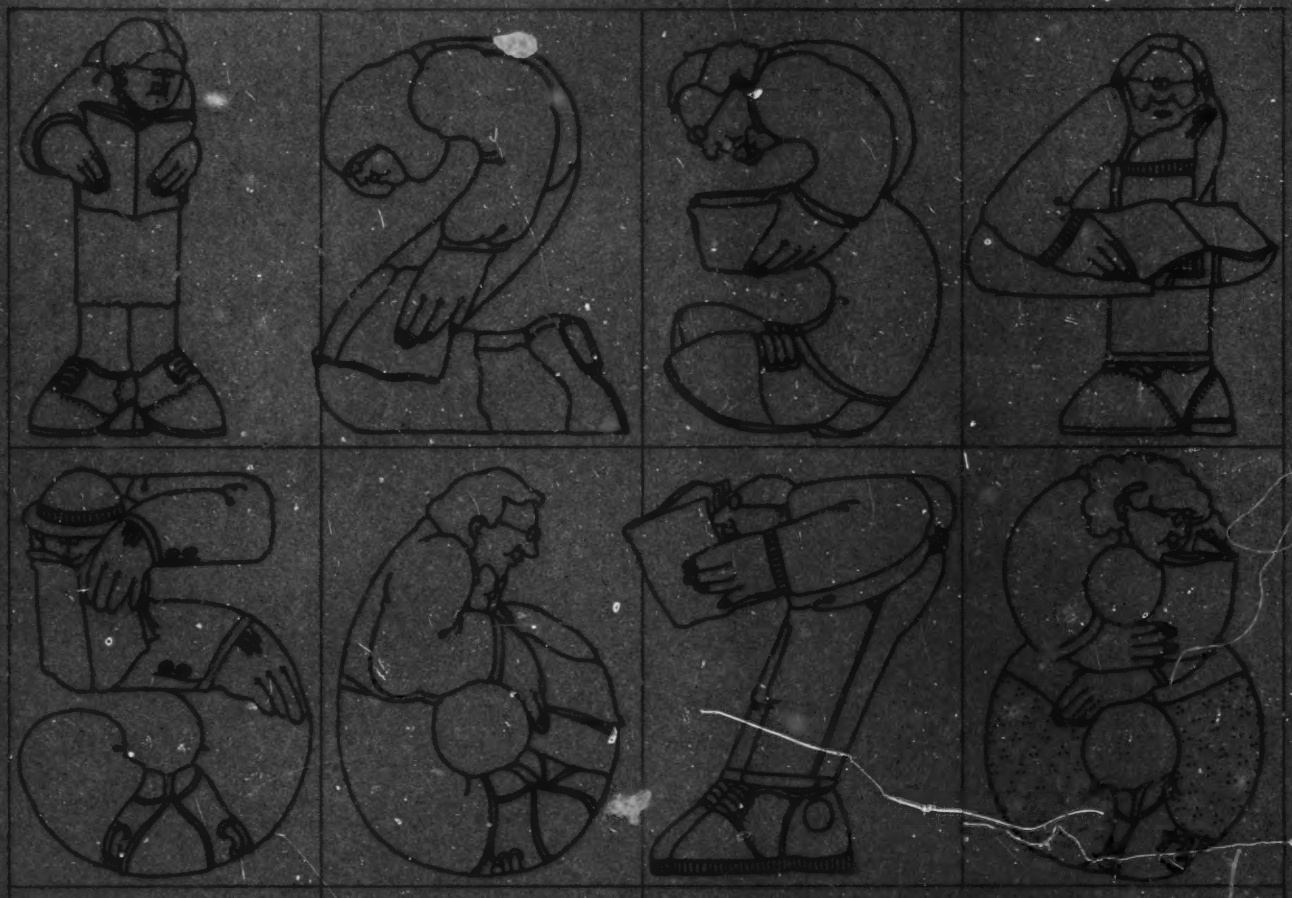
THE COMPLEAT STRATEGIST: FORECASTING FAILURE

JOHN PETER ON DESIGN: THE YEAR'S 10 BEST

PROFILE: GEORGE ALLEN, MPA'S PUBLISHER OF THE YEAR



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THE BASIC GUIDE TO MAGAZINE RESEARCH

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FEBRUARY 1981 VOL. 10 NO. 2

Folio:

THE MAGAZINE FOR MAGAZINE MANAGEMENT

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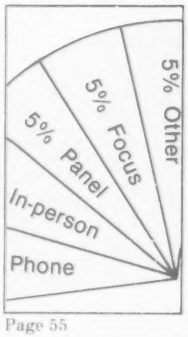

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By David P. Forsyth

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By Barbara Love

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Forecasting failure

By Richard M. Koff

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John Peter on design: 1980's ten best

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Cover design: Steve Phillips; illustration: Denise Brunkus

USPS int'l airlift expanding rapidly

Washington, D.C.—The U.S. Postal Service is planning to add 18 new routes to its International Surface Air Lift (ISAL).

If the planned routes do go into effect, it will be the second time ISAL has expanded its service since it began testing last summer. At that time, only two routes—New York to Paris and Houston to London—were available. In August, the Postal Service added 14 more segments.

ISAL's list of customers is also expanding rapidly. At its start, its only two customers were McGraw-Hill and Gulf Publishing. The service now has more than 20 customers, most of whom are magazine publishing companies, according to a USPS spokesperson. Publishing companies using ISAL include the Christian Science Publishing Society, Forbes, Inc., Hayden Publishing Company, Inc., Miller Freeman Publications, and Simmons-Boardman Publishing Corporation.

The customer list is expected to expand further if the 18 additional routes go into operation as planned. Assuming the Civil Aeronautics Board grants approval for the routes and that final negotiations with the airlines are successful, the routes could go into operation this month. While noting that it is always possible that complications could arise, the USPS spokesperson says the Postal Service "feels very confident" about the prospects for the expansion.

USPS international surface airlift routes

New York to:
- Paris
- Amsterdam
- London
- Frankfurt
- Rome
- Rio de Janeiro
- Sydney
- Tokyo
- *Mexico City
- *Caracas
- *Buenos Aires
- *Brussels
- *Madrid
- *Delhi
- *Manila
- *Singapore

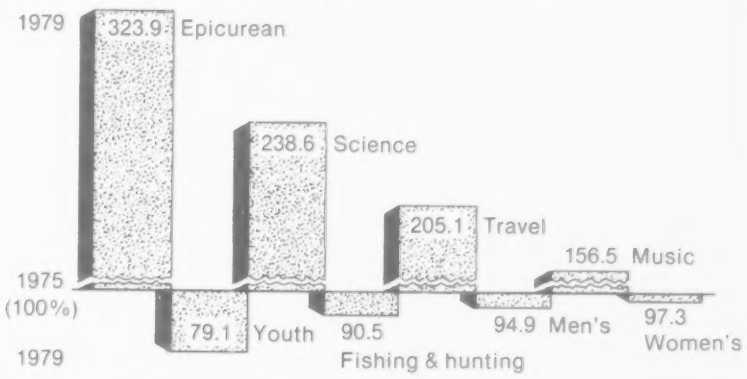
Chicago to:
- London
- Paris
- Frankfurt
- Sydney
- Tokyo
- *Rome
- *Amsterdam
- *Manila
- *Delhi

Houston to:
- Frankfurt
- Rome
- London

Dallas to:
- *Tokyo
- *Sydney
- *London
- *Caracas
- *Mexico City
- *Singapore

*Proposed routes

Average paid circulation for eight magazine categories (1975-1979)*



*Figures from 1980 edition of the Audit Bureau of Circulations, Inc. *Magazine Trend Report*. 1975 is used as the base year, with an assigned value of 100 percent; chart shows percentage changes for the year 1979 from that base.

Epicurean magazines post largest ABC five-year circ gains

Schaumburg, Ill.—The epicurean magazines category showed the largest combined gain in average paid circulation among 19 magazine categories reported on by the Audit Bureau of Circulations, Inc. (ABC) in its *Magazine Trend Report* for 1975 through 1979.

Using 1975 as the base year with an assigned index of 100, the recently released report shows that epicurean magazines had an average paid circulation index of 323.9 for 1979. *Bon Appetit* and *Gourmet* were the two epicurean magazines that met the criteria for being included in the report, (that a magazine have an ABC-audited average paid circulation of at least 300,000, and annual advertising revenues of at least $1 million).

Other categories showing large gains in average paid circulation include science, with a 1979 index of 238.6 (magazines included were *Omni* and *Scientific American*); travel, with an index of 205.1 (*Signature* and *Travel & Leisure*); and music, with an index of 156.5 (*Rolling Stone*).

Magazine categories showing decreases in average paid circulation for the five-year period include youth, down from the 1975 base of 100 to 79.1 for 1979 (*Boys' Life*); fishing and hunting, down to 90.5 (*Field & Stream, Guns and Ammo, Outdoor Life, Sports Afield*); men's, down to 94.9 (*Esquire, Gentlemen's Quarterly, Oui, Penthouse* and *Playboy*); and women's, down to 97.3 (*Co-ed, Cosmopolitan, Essence, Family Circle, Good Housekeeping, Ladies' Home Journal, McCall's, Ms., Parents, Redbook, Self, Seventeen, 'Teen, True Story* and *Woman's Day*).

Regarding composition of circulation, large increases in percentage of subscriptions were made in the following categories: epicurean, with an index of 337.6 for 1979; music, with an index of 226.7; travel, with an index of 205.4; and automotive, with an index of 129.4.

Large increases in single-copy sales percentage were made in the categories of science, with an index of 755.3; epicurean, with an index of

270.9; business and finance, with an index of 161.2; and women's fashions, beauty and grooming, with an index of 149.4. Magazines included in the business and finance category were *Business Week, Forbes, Fortune, Money* and *Nation's Business*. Magazines included in the women's fashions, beauty and grooming category were *Glamour, Harper's Bazaar, Mademoiselle* and *Vogue*.

70% of subscriptions ordered by mail in '79

Chicago—Seventy percent of magazine subscriptions sold in the United States in 1979 were purchased by mail, according to the latest "United States Consumer Mail Order Industry Estimates" report. Total magazine subscription mail-order volume for 1979 reached $1.9 billion—an increase of $203 million over 1978 volume. Sales of all magazine subscriptions for 1979 totaled $2.7 billion.

Magazine subscriptions were third among the 10 top categories for mail-order sales for the year, according to the report, which is published by Maxwell Sroge Company, Inc., a mail-order business development, advertising and consulting firm. The category that came in first was insurance; second was general merchandise/home furnishings/housewares/gifts.

The 10 top categories for mail-order sales in 1979*

	(000's)
1. Insurance	$4,000,000
2. General Merchandise/Home Furnishings/Housewares/Gifts	2,700,000
3. Magazine Subscriptions	1,900,000
4. Books	1,388,000
5. Ready-to-Wear	1,340,000
6. Collectibles	920,000
7. Sporting Goods	780,000
8. Crafts	550,000
9. Foods	500,000
10. Records and Tapes	478,000

*Source: Maxwell Sroge Company, Inc.

Zone One proposal

(Continued from page 10)

said that the Postal Service's "competitive posture would be improved because more economical pooled shipments of subscriber and newsstand copies by some publishers will produce savings for them in excess of net postage reductions (*i.e.*, postage reductions less added freight costs)."

Newsweek, which also stands to save substantially on postage if Zone One is approved, supports the proposal on the ground that it is a form of work-sharing of the type that allowed enactment of the pre-sort mailing discounts under the 1977 postal rate case.

"We believe that enactment of the Zone One rate would encourage further drop-shipping and thereby reduce Postal Service costs," says William Guenther, director/postal planning and administration for *Newsweek*. "The result would be no increase in cost to other mailers."

But opponents of the Zone One proposal say it is based on assumptions that are faulty, and is likely to wind up hitting non-Zone One mailers in their pocketbooks.

"We are opposing Zone One because the Postal Service by law has to break even. So if there is a discount in one area, there has to be an upcharge in another area," says Paul McPherson, president of McGraw-Hill Publications Company. "I believe that industrial and technical publications cannot afford to drop-ship to SCFs. There are approximately 600 SCFs in the country, and currently even the largest-circulation magazines are drop-shipping to no more than two dozen.

"A Zone One discount would be a big plus for newsweeklies and other large-circulation magazines, but a detriment to smaller magazines," McPherson continues. "We do not think that 3,500 business publications should be treated punitively for the sake of the relatively few magazines that would benefit from Zone One." He notes that although McGraw-Hill's *Business Week* could benefit from Zone One, the company seeks to protect its other publications, which are relatively small-circulation business magazines.

"We have many serious questions about the proposal," says another business press source. "It makes some technical assumptions that we are not at all sure are well founded."

One such assumption, according to this observer, is that magazine publishers could pool copies in order to share drop-shipping transportation costs. "The proposal is encouraging people to stop using Postal Service transportation, and to use the Postal Service only to have magazines delivered to their final destinations," he says. "The problem is whether printers can get everyone's magazines printed at the same time."

The second conflict regarding Zone One involves the belief held by some large-circulation Red Tag publishers that they should not support the proposal, even though they would be able to get the Zone One discount, because as Red Tag magazines they would be discriminated against under current Postal Service regulations.

For these magazines, most or all of the Zone One discount would be negated by the scheduled 1.2 cents-per-copy Red Tag surcharge. According to Postal Service regulation, a magazine must mail all or none of its copies Red Tag. This means that Red Tag magazines that drop-ship some copies to SCFs would have to pay the surcharge on those copies in order to be able to continue mailing their other copies Red Tag—even though the Postal Service would not be providing any special service for Zone One copies.

Time Inc. is reportedly one of the publishing companies that has not so far supported Zone One, because the company believes Zone One conflicts with the Red Tag status of several of its publications.

Newsweek, however, says that it is supporting Zone One, despite the fact that it is a Red Tag publication, because it believes the two issues are and should remain separate.

The MPA, in its final brief to the PRC, clarified its position on Zone One in regard to the Red Tag issue. Responding to the contentions of some Red Tag magazines that Eden's testimony on behalf of *Reader's Digest* and MPA implied discrimination against Red Tag magazines, the MPA stated: "The MPA supports the creation of a Zone One sectional-center rate in conformity with the principles underlying 'work sharing' discounts. MPA does *not* believe that magazines mailed intra-SCF rate should pay disparate rates. MPA, therefore, does not endorse any part of witness Eden's testimony that proposes or implies that any magazine mailed at the SCF rate should pay any Red Tag surcharge or differential."

Advertising sales

Editorial preview heightens sales staff involvement

New York City—While it is widely agreed that salespeople should read the magazines they sell, it is also widely known that they frequently don't. To make sure salespeople are familiar with editorial content, *Woman's Day* gives a full presentation of the editorial in each new issue during sales meetings held every three weeks—just before the issue reaches the newsstand.

These editorial previews heighten the salespeople's involvement in the product, thus generating a convincing belief in the magazine, according to Jay Burzon, vice president and advertising director of *Woman's Day*.

"There are salespeople who don't read their own magazines—and they are greatly handicapped because of it," says Burzon. "They come off as quick-buck artists. On the other hand, salespeople who know what's in the product they sell come across as more sincere. Our salespeople find advertisers are impressed—often amazed—that they know what's in the magazine.

"By making sure our salespeople are familiar with editorial, we feel we stay out of the commodity business where you have a straight negotiation for a sale, as in television," he adds.

Generally, advertising people are familiar with the quantitative aspect of editorial—what percent each department is to the total editorial, what the ratio of editorial to advertising is, and so on, according to Burzon. The previews are unique in allowing ad salespeople to approach editorial from a qualitative point of view. "The numbers by themselves are boring," he says.

Even if salespeople read the magazine, they are not as likely to take in information as well as they do during a spoken presentation, Burzon believes. "Salespeople are verbal," he says. "The previews give them a verbal reading of the magazine. When someone talks through the magazine, salespeople absorb more."

The mini-sales meetings, where the new issues are discussed, are conducted in two cities. One, in Chicago, is attended by about 20 people from Chicago, Los Angeles, San Francisco and Detroit. The second, in New York, draws about 40 people from the eastern region. Although most of the people attending are in sales, repre-

(Continued on page 18)

Keeping the sales staff involved in contents of each issue is goal of regular briefings by *Woman's Day* editor Geraldine Rhoads.

Study shows average ad contact cost is 16¢

New York City—The average cost of reaching a prospect through an ad in a business magazine is about 16 cents, according to a study done by McGraw-Hill Publications' Laboratory of Advertising Performance.

The estimated advertising-contact cost provides a dramatic contrast to the average cost of a sales call, which McGraw-Hill currently estimates to be $137.02. "Advertising provides an inexpensive means of establishing the initial contact to smooth the way for the sales force," the report concludes.

"There are numerous ways of communicating with customers and prospects—telephone, letters, sales calls, trade shows—and they all have their place in a marketing mix," comments David P. Forsyth, vice president-research for McGraw-Hill Publications Company. "Advertising, however, is often the most effective and least expensive way to reach important buying influences."

To arrive at the 16-cents estimate, the circulation of each of 32 McGraw-Hill publications was taken individually and multiplied by 80 percent, the average issue readership figure from studies of McGraw-Hill publications. This figure was multiplied by 48 percent, the average "seen" score as obtained from 67 studies of 17 McGraw-Hill publications.

The calculations were applied to the circulation of McGraw-Hill publications and their one-page, straight-time, two-color page rates, and averaged to give equal weight to each publication.

Magazine advertising revenue to rise 10% in 1981, Coen predicts

New York City—National magazine advertising revenue and national newspaper ad revenue should both increase by 10 percent in 1981, for a total revenue of $6.135 billion,

Ad sales revenue outlook for 1981*

	% of revenue change over 1980	1981 forecast (add 000,000)
National magazines	+10%	$ 6,135
National newspapers	+10	
National broadcast	+ 9	10,150
Other national	+10	17,125
Total national	+ 9.7	33,410
Total local	+12.3	27,410
Grand total	+10.8	$60,820

*Source: Robert Coen, senior vice president, McCann-Erickson.

according to Robert J. Coen, senior vice president of the McCann-Erickson advertising agency.

Coen, who made his annual advertising predictions at the Paine Webber Mitchell Hutchins, Inc. eighth annual Conference on the Outlook for the Media, said his estimated increase for magazines is based entirely on ad rate increases.

For national broadcast media, Coen projected a 9 percent increase, for a total of $10.150 billion; for other national media, he predicted a 10 percent gain, for a total of $17.125 billion.

Coen expects the biggest gain for this year in local advertising, forecasting 12.3 percent for a total of $27.410 billion. In comparison, total national advertising will gain 9.7 percent, for $33.410 billion in revenue.

Total advertising growth for all media will be 10.8 percent, bringing revenue to $60.820 billion, according to Coen. This increase, he noted, is just slightly higher than projected overall economic growth.

Magazines in strong position for ad growth in the 1980s

New York City—Magazines, which generally fared well in advertising in 1980 despite the recessionary economy, are positioned to achieve substantial advertising growth over the next several years.

This was the optimistic advertising picture drawn by John C. Alexander, associate advertising director of *Newsweek*, at the eighth annual Paine Webber Mitchell Hutchins, Inc. Conference on the Outlook for the Media.

For 1981, Alexander quoted an estimated ad revenue growth figure of 9 percent, noting that this would be slightly below the 11 percent increase experienced in the first nine months of 1980. He also cautioned that it may not be realistic to expect a continuation of the extremely rapid magazine advertising growth of the years 1976 through 1979.

However, Alexander added that "a lot of the momentum of the gains and developments of those years is still very much with us today," and that "the potential for another dramatic revenue surge is clearly present.

"Magazines recovered faster and better from the last recession than did any other medium, and all the vital signs indicate that we're in a position to do it again once we finally bottom out of the effects of 1980," Alexander says. He points to several factors and shifts in media planners' strategies that he believes will work in favor of magazines over the next several years:

•Magazines have the ability to maintain highly competitive ad rates "by passing along a growing portion of cost increases to readers."

•Predicted changes in demographics over this decade indicate fastest growth among those population segments that incorporate the highest concentrations of core magazine readers, "readers who are also the prime targets for most goods and services," according to Alexander. One of those segments, composed of people between the ages of 35 to 44, is expected to grow by 47 percent by the end of the decade; another segment, composed of households with incomes of $25,000 or more, is expected to grow by 70 percent by the end of the eighties.

•Magazines are increasingly accepted as a complementary medium by advertisers who up to now have concentrated their ad monies heavily in other media. "There is potential for magazines to develop new sources of advertising revenue among those 10 of the top 25 advertisers in America (primarily food and drug advertisers) who spend less than 10 percent of their total media budgets on magazines," Alexander says.

•Magazines' expanding ability to produce regional editions and sections means they will be able to accommodate the growing trend toward localizing national advertising campaigns. "By 1979, more than one in five magazine advertisments was less than full run," Alexander notes.

•Magazines can reach targeted audiences more efficiently than can other media—a capability that is more and more in demand by advertisers and agencies. "No medium can more precisely identify its audience than magazines," Alexander asserts. "The more selective the target market, the stronger the case for magazines. In our 1980 study of comparative media, for example, we found that the percentage of adults viewing television decreases as household income increases—particularly at the $25,000 and above level."

•Magazines can easily accommodate media planners' growing need to be able to make changes quickly and to remain flexible as long as possible. "Few media enable planners to respond as quickly and effectively to changes as magazines," says Alexander. "Magazines are even more attractive now that a downturn in the economy has made campaign planning a fast-paced activity. With technological breakthroughs such as satellite transmission and laser beam scanning, *Newsweek* and other magazines are now able to accept material for a national black-and-white or four-color page or spread as late as the Friday before the Monday the issue is scheduled to appear on newsstands."

Esquire study: clutter yields lower ad recall

New York City—A recent study conducted on *Esquire* magazine at the request of the Ketchum New York advertising agency has produced evidence that ad clutter does adversely affect readers' ad recall.

Subscribers who read a special version of *Esquire* that was intentionally "cluttered" with ads had less recall of four test ads than did subscribers who read a "regular" version of the magazine. The cluttered ver-

How extensively do magazine publishers use research? What kinds of research do they use? How much do they spend on it? Here are the answers from 583 top magazine executives.

Folio survey of magazine research

By Barbara Love
Executive Editor

Marketing and media research—a useful tool for sharpening a magazine's focus, especially during turbulent times—is now being conducted by two out of three magazines. Publishers are turning to research for help in making management, circulation, editorial, and ad sales decisions.

To gain an accurate picture of the role and value of research to magazines, FOLIO commissioned McGraw-Hill Research to conduct a survey among business and consumer magazines.

The survey was conducted in November among 964 magazines selected on an nth basis from FOLIO's database. There were 583 responses, representing a 61 percent rate of response.

The survey was designed to determine, among other things, how many and what kinds of magazines use research, what types of research they use, how valuable it is to them, how much they spend on research, how they conduct research, and who is responsible for it.

The following conclusions are drawn from the survey.

More business magazine research

A greater percentage of business magazines conduct marketing and media research than consumer magazines. While 65 percent of all magazines responding conduct research, 70 percent of business magazines conduct research compared to only 60 percent of consumer magazines.

Not surprisingly, the larger a magazine's income, the more likely it is to conduct research. Ninety-eight percent of business magazines and 96 percent of consumer magazines with incomes of over $2 million conduct research. Among the middle-income magazines—those with incomes of $200,000 but less than $2 million—business magazines are more likely than consumer magazines to conduct research (88 percent versus 74 percent).

2 percent of income spent on research

The median magazine has a total research expenditure equaling 2 percent of gross income (circulation income plus ad sales income). For both consumer and business magazines with incomes of under $200,000, research expenditures equal 6.5 percent of total income.

Considering those consumer magazines spending $25,000 and over in research, research expenditures account for a median of .7 percent of total gross income, while business magazines spending $25,000 and over in research stated that research expenditures account for a median of 2.2 percent of total gross income.

In 1980, business magazines kept research expenditures in direct proportion to income (approximately 2 percent), no matter how large the income, whereas consumer magazines with higher gross incomes devoted a smaller percentage of gross income to research expenditures. This trend holds true for research expectations in 1981.

$7,700 spent on research

For those magazines that do research, the median amount spent on research in 1980 was $7,700. The median was about the same for business and consumer magazines ($7,600 versus $8,000).

Projections for 1981 show magazines that conduct research expect to spend a median of $9,300 on that activity. Business magazines expect to spend a median of $9,500 and consumer magazines $9,100.

The projections also show that business and consumer magazines with research budgets of $25,000 and over in 1980 expect to increase their research budgets by over 20 percent in 1981, from a median of $47,500 to $57,100 for business magazines and $65,300 to $80,600 for consumer magazines.

Magazines with separately organized research departments spend more money on research than magazines without such departments. Compared to the median of $7,700 spent on research by all magazines conducting research, business magazines with research departments spent $18,000 and consumer magazines with research departments spent $28,000.

Predictably, of those magazines conducting research, the ones with the higher incomes spent more on research. Among business magazines, those with incomes of under $200,000 spent a median of $4,400 in research; business magazines with over $2 million in income spent a median of $28,400 on research.

The same is true with consumer magazines. Consumer magazines that had incomes of under $200,000 spent a median of $4,600 on research, while those with incomes of over $2 million spent a median of $34,400 on research.

Forty-six percent of respondents conducting research spent under $10,000 on research in 1980; 15

percent spent between $10,000 and just under $25,000; 18 percent spent over $25,000. No significant difference surfaced between total business and consumer magazine groups.

The median magazine, which employs 12 people and has an income of $760,000, has 1.5 full-time and .9 part-time people regularly involved in research.

One-third have research departments

About one-third (31 percent) of the respondents who do research have a separately-organized research department within their company servicing the magazine. Business magazines are a little more likely to have a research department than consumer magazines (35 percent versus 27 percent).

Those magazines with separately organized research departments tend to have larger incomes and larger research expenditures than the median magazine. Fifty-six percent of business and 52 percent of consumer magazines with incomes over $2 million have research departments; 72 percent of business and 61 percent of consumer magazines with incomes over $2 million spent over $25,000 on research in 1980.

The median number of employees working in the corporate research department is 3.6. Fifteen percent of magazines that have a research group report they have 10 or more people in it.

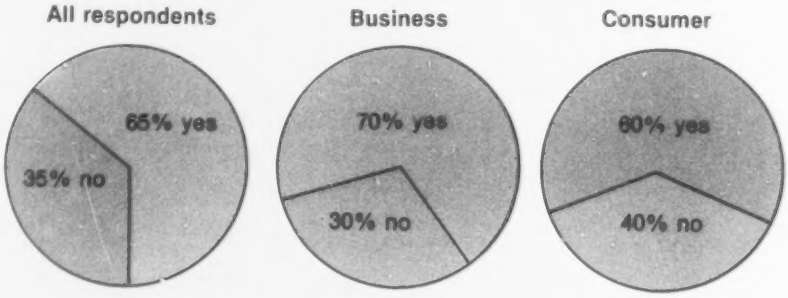
47 percent involved in management

About half (47 percent) of the people responsible for research on their magazines are also directly responsible for company management. For business and consumer magazines spending $25,000 or more on research, this figure drops to 33 percent.

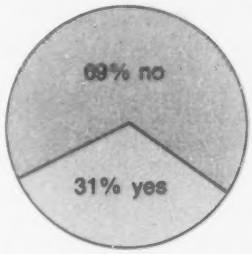
What's more, people responsible for research are less likely to be directly responsible for management at those magazines with research departments. Only 37 percent of people responsible for research at business magazines with research departments and 27 percent of people responsible for research at consumer magazines with research departments are also directly responsible for management.

A large percentage (61 percent) of people responsible for research are also directly responsible for a sales-related activity. Thirty-nine percent of total respondents said the person responsible for research is also directly responsible for sales promotion; 36

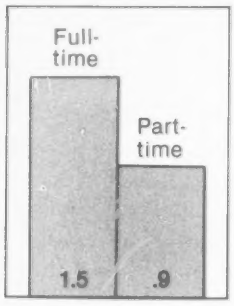
Magazines conducting research



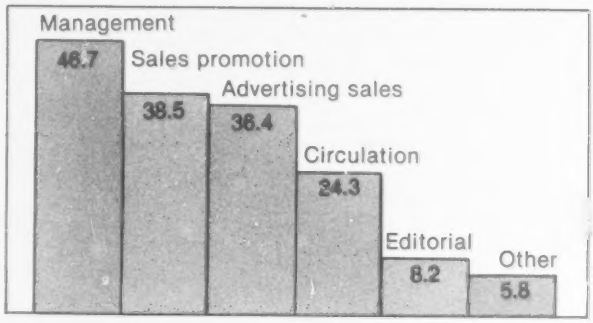
Magazines with a separately organized research function within the company



Employees on magazine staff regularly involved in research

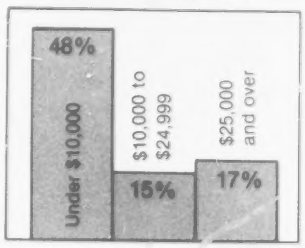


Percentage of people responsible for magazine research who are also directly responsible for other activities

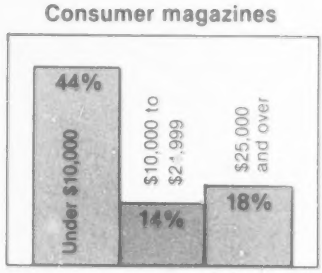


Money spent on research in 1980

Business magazines



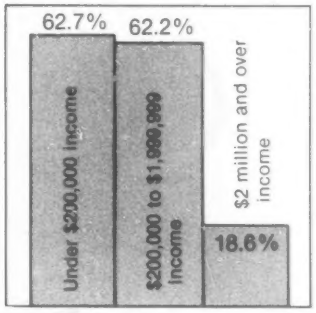
Consumer magazines



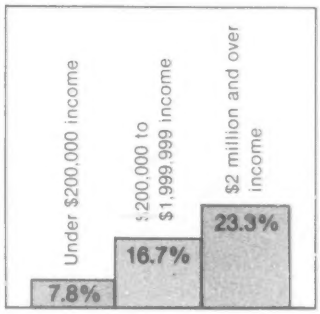
Amount spent on research by 1980 magazine gross income

(Business magazines)

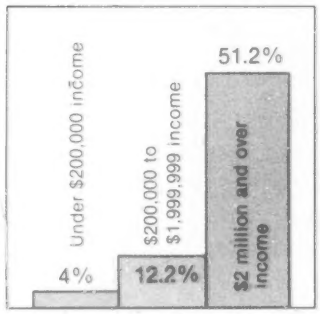
Spending under $10,000 on research



Spending $10,000 to $24,999 on research



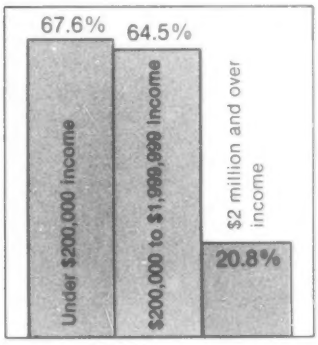
Spending $25,000 or over on research



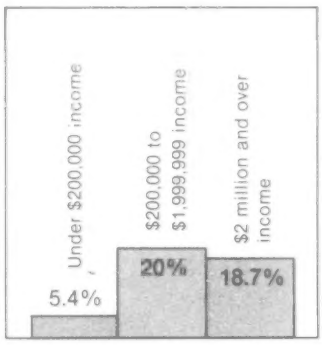
Amount spent on research by 1980 magazine gross income

(Consumer magazines)

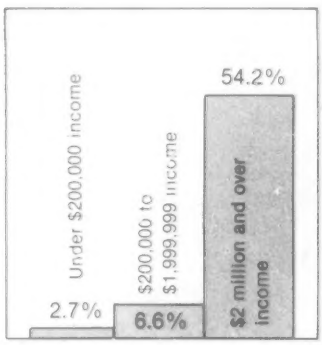
Spending under $10,000 on research



Spending $10,000 to $24,999 on research

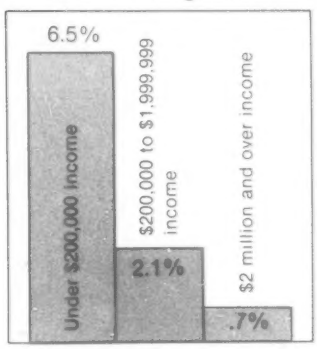


Spending $25,000 or over on research

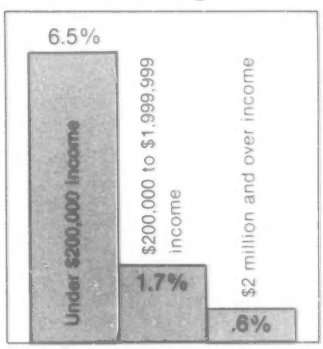


Magazine research expenditures as a percent of 1980 total gross income

Business magazines

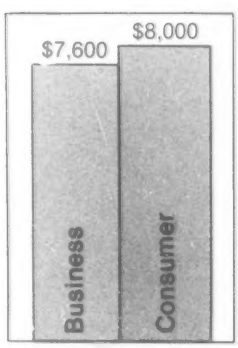


Consumer magazines



Dollars spent on research by magazines in 1980*

(Median)



*By magazines conducting research

percent for advertising sales.

About one quarter (24 percent) of people responsible for research are directly responsible for circulation, and 8 percent are responsible for editorial.

Market studies used most

Of the 14 different types of research covered in the survey, market studies were used most last year. Fifty-seven percent of respondents who conduct research conduct market studies. These studies are used by an equal percentage of business and consumer magazines.

Business magazines are more likely to spend money on market research studies, however. Eighty-three percent of business magazine respondents spending more than $25,000 on research conduct market studies, compared with 71 percent of consumer magazines spending over $25,000 on research.

Those business magazines with incomes of less than $200,000 are less likely to spend money on market studies than the average magazine (37 percent versus 57 percent).

Business and consumer magazines with research departments are more likely to be conducting market studies (73 percent and 64 percent respectively).

Of all the respondents conducting research, 44 percent conduct market studies in-house. Among business magazines spending over $25,000 in research, 69 percent of market studies are conducted in-house.

Reader profile/demographic surveys popular

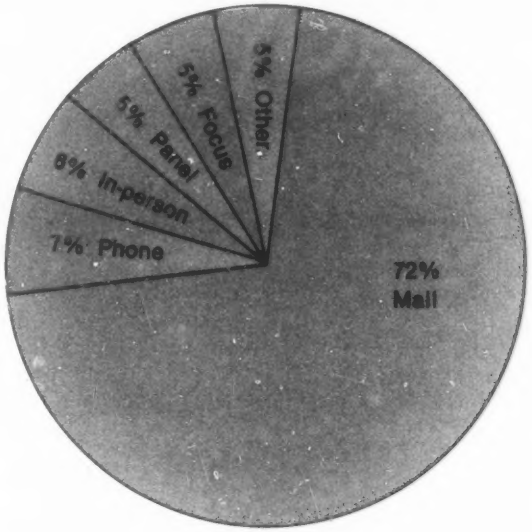
The second most frequently conducted type of research is the reader profile/demographic survey. Fifty-five percent of all respondents reported conducting this type of research in 1980.

Consumer magazines are more likely to conduct reader profile/demographic surveys than business magazines (67 percent versus 46 percent). However, business and consumer magazines with incomes of over $2 million are very likely to be conducting such research (77 percent and 67 percent).

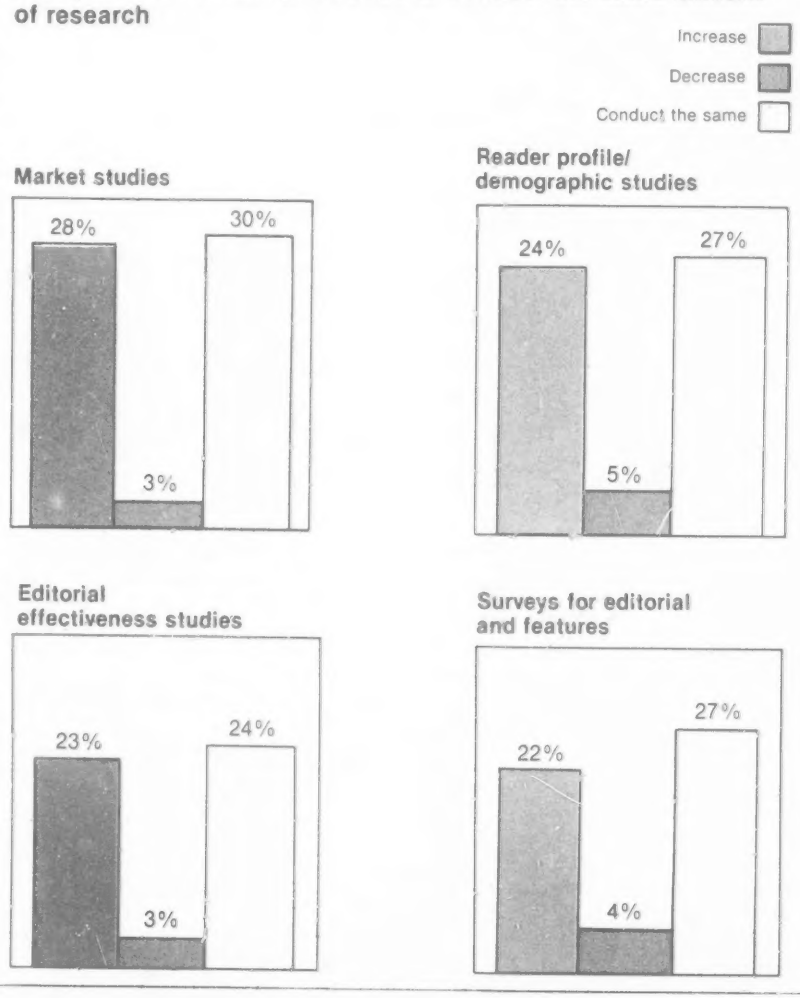
Eighty-six percent of business magazines and 65 percent of consumer magazines with research expenditures over $25,000 in 1980 conduct reader profile/demographic surveys.

Magazines with research departments—particularly consumer magazines with research depart-

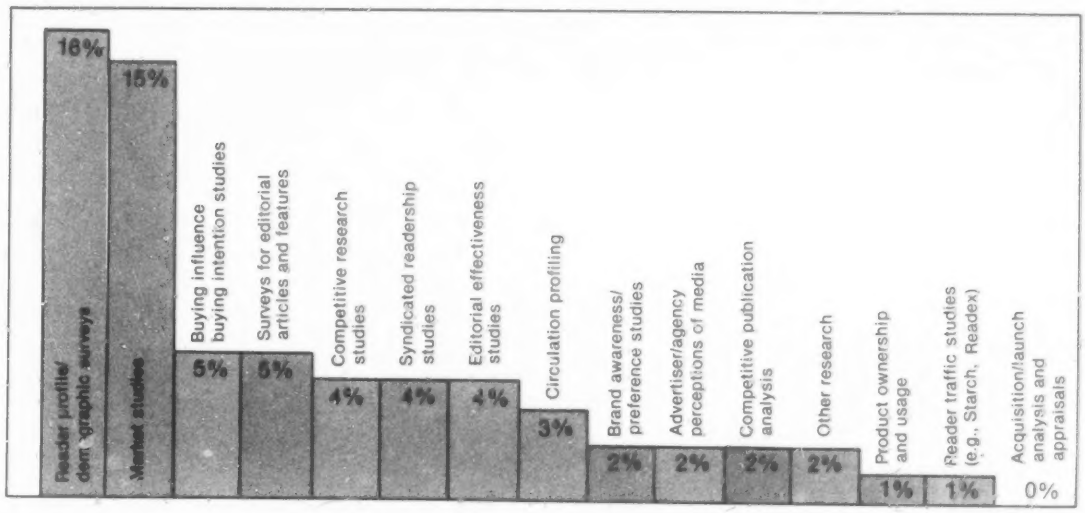
Percentage of interviews conducted by different methods in 1980



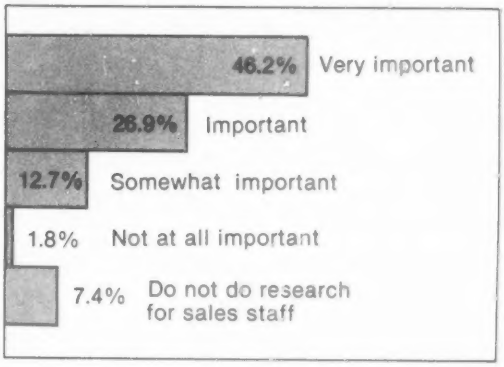
1981 plans to increase, decrease or conduct the same amount of research



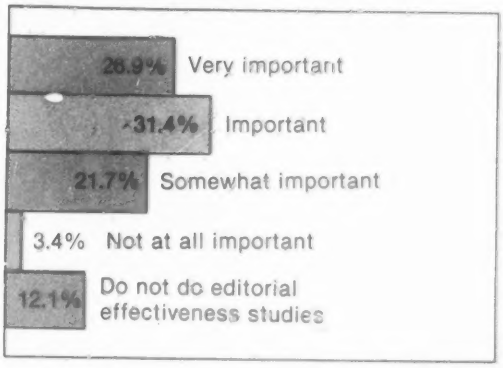
Type of research most helpful to sales efforts



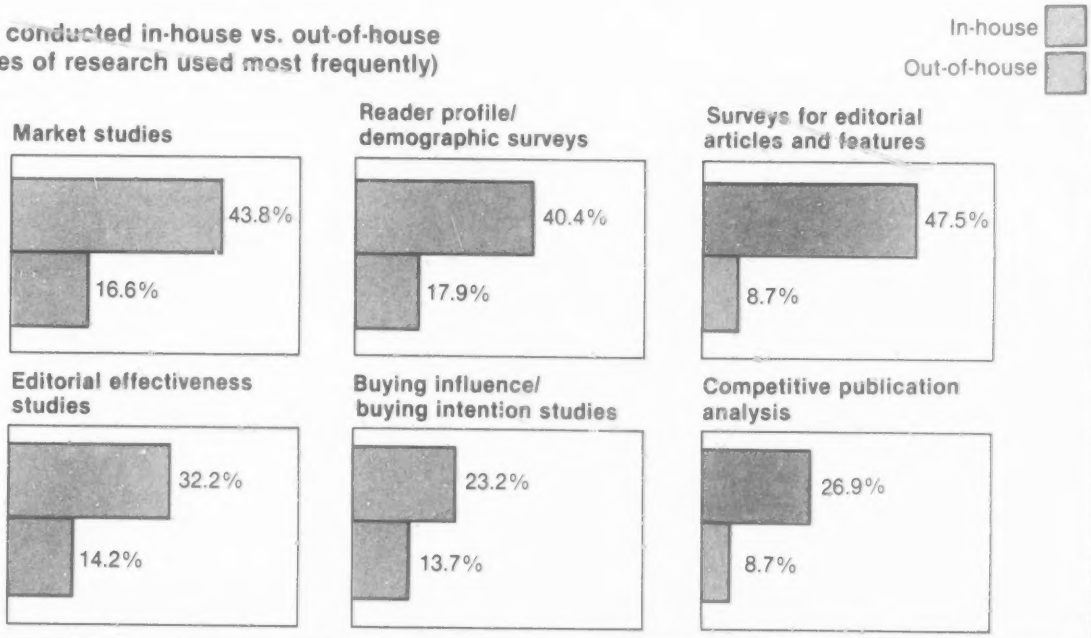
Importance of research to magazine sales staff



Importance of studies determining the effectiveness of a magazine's editorial to the editorial staff


26.9% Very important
31.4% Important
21.7% Somewhat important
3.4% Not at all important
12.1% Do not do editorial effectiveness studies

Studies conducted in-house vs. out-of-house (for types of research used most frequently)



Types of research projects conducted by magazines

	Total	(Rank)	Consumer	(Rank)	Business	(Rank)
Market studies	57%	(1)	56%	(2)	57%	(1)
Reader profile/ demographic surveys	55	(2)	67	(1)	46	(3)
Surveys for editorial articles and features	54	(3)	54	(3)	54	(2)
Editorial effectiveness	44	(4)	45	(4)	43	(4)
Buying Influence	36	(5)	35	(6)	37	(6)
Competitive publication analysis	34	(6)	27	(7)	39	(5)
Circulation profiling	32	(7)	36	(5)	28	(7)
Competitive readership studies	19	(8)	18	(8)	20	(8)
Product ownership and usage	17	(9)	17	(9)	17	(10)
Brand awareness/ preference	15	(10)	11	(12)	19	(9)
Acquisition/launch analysis/appraisals	12	(11)	14	(10)	10	(11)
Advertiser/agency perception of media	11	(12)	12	(11)	10	(11)
Reader traffic studies (e.g., Starch, Readex)	5	(13)	4	(13)	6	(13)
Syndicated readership (e.g., SMRB)	2	(14)	3	(14)	1	(14)

ments—are more likely to be conducting this type of research (62 percent and 76 percent).

Forty percent of the magazines conducting reader profile/demographic surveys report they conduct them in-house, 18 percent conduct them out-of-house.

Editorial surveys

Fifty-four percent of magazines conducting research conduct surveys for editorial articles and features. The likelihood of magazines conducting this type of survey does not vary by gross income group. Those magazines with incomes of under $200,000 are just as likely to conduct these surveys as those with over $2 million income. This is true for both business and consumer magazines.

Business and consumer magazines spending over $25,000 on research are more likely than the median magazine to conduct surveys for editorial articles (69 percent and 71 percent).

This type of research is conducted in-house by half (48 percent) of the respondents. Only 9 percent said they conduct surveys for editorial articles out-of-house.

When asked which type of research project was most helpful in sales efforts, the largest percentage (16 percent) said reader profile/demographic surveys. These studies are considered much more helpful to consumer magazines (24 percent) than business magazines (10 percent). They are of particular importance to consumer magazines with research budgets of $10,000 to just under $25,000: 39 percent of respondents in this group said reader profile/demographic surveys are most helpful.

For both consumer and business magazines spending over $25,000 on research in 1980, a significantly smaller percentage (3 percent and 6 percent) reported reader profile/demographic surveys most helpful.

The second most helpful research project in sales efforts is considered to be market studies. Fifteen percent of respondents said this research is the most helpful. Business magazines tend to find this research more helpful than consumer magazines do (19 percent versus 8 percent). Business magazines spending over $25,000 in research in 1980 were most likely to say market surveys are the most helpful type of research in sales efforts (28 percent).

For all 14 types of research covered in the survey, a greater percentage of respondents said they conduct more research in-house than out-of-house. A look at the three most widely-used research types shows that market studies are conducted in-house by 44 percent of the respondents; reader profile/demographic surveys in-house by 40 percent of respondents, and surveys for editorial articles and features are conducted in-house by 48 percent of respondents.

Increasing research

When asked if they plan to conduct more of certain types of research in 1981, respondents noted that they plan more market studies (28 percent) and reader profile/demographic surveys (24 percent)—the two types of research most widely used by magazines in 1980.

A greater percentage of consumer magazines (32 percent) than business magazines (18 percent) expect to conduct more reader profile/demographic studies this year.

Consumer magazines with research expenditures of $10,000 to just under $25,000 in 1980 will be more likely than total respondents to conduct more market studies in 1981 (44 percent versus 28 percent). And consumer magazines with incomes of $200,000 to just under $2 million, or with research expenditures of $10,000 to just under $25,000, will be more likely than total respondent to conduct more reader profile/demographic surveys in 1981 (44 per-

Response rate analysis

	Business	(%)	Consumer	(%)	Total	(%)
Total effective mailing	483	100.0	481	100.0	964	100.0
Total mail respondents	259	53.6	193	40.1	452	46.9
Total telephone respondents	43	8.9	88	18.3	131	13.6
Total respondents	302	62.5	281	58.4	583	60.5
Those conducting research	211	69.9	168	59.8	379	65.0
Those not conducting research	91	30.1	113	40.2	204	35.0

Total research expenditures in 1980 for respondents

Business magazines: 48 percent under $10,000
15 percent $10,000 to $24,999
17 percent $25,000 and over

Consumer magazines: 44 percent under $10,000
14 percent $10,000 to $24,999
18 percent $25,000 and over

Total gross income in 1980 for respondents

Business magazines: 24 percent under $200,000
43 percent $200,000 to $1,999,999
20 percent $2 million and over

Consumer magazines: 22 percent under $200,000
27 percent $200,000 to $1,999,999
29 percent $2 million and over

Note: In the interpretation of this research, the median rather than the mean is used. It is felt that the median represents a more realistic figure because a small number of respondents from very large magazines has skewed the averages upward. The median is that point in a series at which half of the members of the series are on one side and half on the other.

cent versus 24 percent).

A large percentage of total respondents also noted that they intend to conduct the same amount of market studies and reader profile/demographic surveys in 1981 as 1980 (30 percent for market studies and 27 percent for reader profile/demographic surveys).

Less than 5 percent of the magazines noted plans to conduct less research in *any* category in 1981.

72 percent of interviews by mail

In conducting primary research, magazines conduct 72 percent of interviews by mail; 7 percent by phone; 6 percent in person; 5 percent by a selected panel; 5 percent by focus group; and 5 percent by other methods. There was virtually no difference in interview methods used by business or consumer magazines, magazines of different income levels, or magazines with different research expenditures.

The median response rate to any given survey type is 39 percent. (*This response rate, which some in the business view as very high, may reflect an ego factor. This is a question where research people know they are being judged. Research people like to tell others they do well on response rate.*)

Research very important to ad sales

Almost three-quarters of business and consumer magazines (74 percent and 71 percent) feel research is either "very important" or "important" to the sales staff. Business and consumer magazines with research departments (60 percent) and those magazines spending $25,000 and over on research (72 percent to 74 percent) in 1980 are more likely to feel research is "very important" to the sales staff than total respondents (46 percent).

Fifty-eight percent of respondents indicated that studies determining the effectiveness of a magazine's editorial are "very important" or "important" to the editorial staff. Business magazines spending $25,000 or over in research are more likely than total respondents to consider these studies "very important" (39 percent versus the median of 27 percent for total respondents).

As gross incomes for consumer and business magazines go up, such research is less likely to be considered "very important" and more likely to be considered "important."

Frequently-mentioned research problems

- Keeping the cost down
- Not enough time
- Staff limitations
- Poor response rate
- Determining cost effectiveness
- Getting different departments to use research
- Interpreting results for best use
- Credibility in the face of all the research out there
- Unsophisticated sales staff needs training in using results
- Getting results back when promised
- Results outdated too fast

Problems with research

When questioned about the major problem of conducting and using research, magazine executives most frequently mentioned cost, time, and staff limitations.

A poor response rate often results in higher costs, it was noted by several respondents. "We don't get a good response rate," they say. "People are too busy." One respondent noted that he generally does not get a good enough response by mail and is forced to turn to more expensive phone methods.

Respondents report problems with use of the research. "It's not used enough, and when it's used, it's often not used effectively," said one respondent. Another reported that use is not intelligent. "Figures are considered definitive instead of indicative, and variations from year to year confuse position," he said.

Others complain about prob-

(Continued on page 81)

Here's one that everybody has a lot of fun with: What pay-up rate is expected on a hard offer? The industry "average" is 90 percent. Or is it 85 percent? Well, imagine the surprise of one Midwestern publisher who had only a 60 percent pay-up rate on a hard solicitation. Why only 60 percent, he queried, when the average is 90 percent?

Well, suppose the bill goes out after the first issue of the magazine goes out. And suppose the first issue of the magazine is not what was promised in the direct mail solicitation? The pay-up rate is going to be pretty low, isn't it? And if the original solicitation contained a cash/charge option and nobody sent cash, wasn't the handwriting on the wall?

For a soft offer, another famous number: 50 percent pay-up. Does it have to be? Of course not. None of these numbers is etched in stone. All they have to be is efficient and intelligent for the particular profit and loss statement of your publication.

Every so often, the advertising trade press announces a new magazine and discusses a test mailing that pulled a tremendous response. If that response is much higher than yours, does it mean you're sending out the wrong letters or publishing the wrong magazine? Absolutely not.

First of all, a test that sours never gets written up in advertising columns because the magazine is usually never published. Second, since average news isn't exciting news, columnists often provoke publishers into giving the rosiest side of their test results. There's really nothing wrong with that unless you are reading about a 10 percent response while holding the actual hard copy test results that read only 4 percent.

It is said that numbers never lie. But surely, 3 percent on a soft offer is not as good as 3 percent on a hard offer. Unfortunately, not many people on the periphery of direct marketing ask that question when the percentage response claim is made.

The industry average may very well *be* 3 percent with the thousands of magazines that are being sold in the marketplace.

But while the numbers don't lie, there is no pre-determined average that applies to your own magazine. There is no average on renewals, or advance renewals, or pay-ups. What counts is testing and results, profit and loss, improvement of results, and deterioration of results.

And the cold hard truth is that famous numbers are for fun, and fun only. Some of them count if they are used as relative benchmarks for expectations. But the only ones that really count in figuring your profit picture are yours.

February checklist

☐ Evaluate incoming counts of orders from late December mailing while looking out for "hot" new lists just tested.

☐ Determine your package component inventory in case you decide on a fast roll-out to one or two of those "hot" lists.

☐ Project inventory requirements on advance renewals for July drop to new subs.

Eliot DeY. Schein is president of Schein/Blattstein Advertising Inc., a New York-based agency with specialties in direct marketing and circulation promotion.

Research

(Continued from page 61)

lems with interpretation of complex studies and getting the staff to incorporate ideas resulting from research.

Particular problems were noted with ad sales people. One wrote: "Unsophisticated sales staff, needs training in using results." Another said: "The sales manager believes the only important number is total circulation; fortunately, he's about to retire."

Another problem is gaining advertiser acceptance and believability. One respondent says, "Advertisers and agencies sometimes discount data if a study is conducted in-house." Another claims that advertisers and agencies don't distinguish between data obtained in a scientific manner and data obtained in an unscientific manner.

Still others are concerned because they don't get research results back when they are promised, or that research results are outdated too fast.

A few people noted an increased demand for research. "Tremendous demand—which is constantly accelerating—yet reluctance by those making the demands to pay the freight. Consequently, ad rates must accelerate to pay the freight," one consumer magazine notes.

"Our marketing people are beginning to holler for more and more statistical help," says another.

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...if you selected the right lists
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